South Tuen Mun Government Secondary School BAFS_PA_DSE_I_2013

| 3. | For e | ach of the independent situations described below, violated and give a brief explanation. | state the accounting principle or concept that ha | | | | | | |
|----|-------|--|---|--|--|--|--|--|--|
| | (a) | The owner of a firm, Mr Chan, bought a pearl necklace worth \$85 000 for his wife with a firm cheque. The bookkeeper recorded the transaction as follows: (3 mark | | | | | | | |
| | | • | Dr. | Cr. | | | | | |
| | | | \$ | \$ | | | | | |
| | | Sundry expenses | 85 000 | | | | | | |
| | | Bank | | 85 000 | | | | | |
| | (b) | The owner of a firm, Miss Lee, bought a notebook from the dealer that its market value at that tir transaction as follows: | ok computer of \$12 000 for ne was \$14 000. The boo | office use. She heard kkeeper recorded the (3 marks) | | | | | |
| | | | Dr. | Cr. | | | | | |
| | | | \$ | \$ | | | | | |
| | | Office equipment | 14 000 | | | | | | |
| | | Bank | | 12 000 | | | | | |
| | | Gain on purchase of office equipment | | 2 000 | | | | | |

5. David is a sole proprietor who keeps records of his cash and bank transactions in a three-column cash book. The balances in the cash book as at 1 January 2013 were: cash \$12 680 and bank overdraft \$30 980. In addition, a petty cash imprest amount of \$2000 was maintained on that date. Transactions made in January 2013 were as follows:

2013

Jan 2 Received a cheque from a customer, Lung, who was given a cash discount of 2½% to settle his account of \$150 000. The cheque was banked on the same day.

- 5 Paid a 20% deposit by cheque for the purchase of a motor van costing \$200 000. The balance was to be paid on delivery two weeks later.
- 7 Received a cheque of \$190 000 from Hilly Company as commission for work done.
- 14 Cash amounting to \$8790 from sales were deposited into the bank directly.
- 17 David withdrew \$3200 from the cash box to pay his son's school fees.
- 19 Paid the balance of the motor van purchased on 5 January by cheque.
- 24 Settled Kam Kee's account of \$35 000 by cheque, with a cash discount of 3%.
- 28 Withdrew \$9000 from the bank and put the money in the cash box for business use.
- 30 Paid wages of \$10 000 in cash and \$20 000 by cheque.
- 31 Petty cash had a balance of \$205. The petty cash imprest amount was replenished with cash.

Write up a three-column cash book for January 2013.

(8 marks)

QUESTION 3

- (a) business entity concept
 - it assumes a business is separated from its owner
 - private transactions of the owner should not be recorded in the books of the business
 - the bookkeeper should record it as drawings in the books

(1 mark for each relevant point, max. 3 marks)

3

- (b) historical cost principle
 - assets should be recorded at their cost of acquisition or production
 - subsequent changes in their market values are to be ignored
 - the bookkeeper should record \$12 000 as the cost of the notebook computer in the books

(1 mark for each relevant point, max. 3 marks)

Total: 6 marks

QUESTION 5

Marks

| | | | | | Cash | book | | | | | |
|-----|-------|-------------|----------|--------|---------|-------|-------------|----------|--------|---------|-----|
| | Date | Particulars | Discount | Cash | Bank | Date | Particulars | Discount | Cash | Bank | |
| | 2013 | | \$ | \$ | \$ | 2013 | | \$ | \$ | \$ | |
| 1/2 | Jan 1 | Balance b/f | | 12 680 | | Jan 1 | Balance b/f | | | 30 980 | 1/ |
| 1 | 2 | Lung | 3 750 | | 146 250 | 5 | Motor van | | | 40 000 | 1/ |
| 1/2 | 7 | Commissions | | | 190 000 | 17 | Drawings | | 3 200 | | 1/ |
| | | received | | | | 19 | Motor van | | | 160 000 | 1/ |
| 1/2 | 14 | Sales | | | 8 790 | 24 | Kam Kee | 1 050 | | 33 950 | 1 |
| 1/2 | 28 | Bank | | 9 000 | | 28 | Cash | | | 9 000 | 1/2 |
| | | | | | | 30 | Wages | | 10 000 | 20 000 | 1 |
| | | | | | | 31 | Petty cash | | 1 795 | | 1/2 |
| | | | | | | 31 | Balance c/f | | 6 685 | 51 110 | |
| | | | 3 750 | 21 680 | 345 040 | | | 1 050 | 21 680 | 345 040 | |

Total: 8 marks